

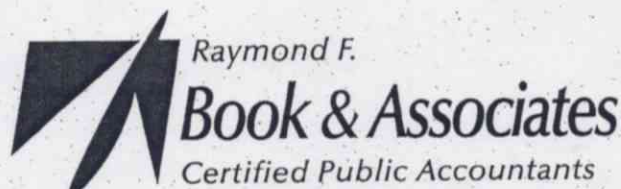
**DELAWARE MANUFACTURED HOME  
RELOCATION AUTHORITY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
JUNE 30, 2021 AND 2020**

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Raymond F. Book, III, MS, CPA/PFS  
Scott R. Brown, CPA/PFS  
Ronald P. Vascik, Jr., CPA  
Christine Lawrence, CPA  
Emily McCauley, MS, CPA  
Samuel C. Warrington, II, CPA  
Sarah E. Dill, CPA, CFE

Raymond F. Book, Jr., CPA  
1926-1996

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Delaware Manufactured Home  
Relocation Authority

We have audited the accompanying financial statements of the Delaware Manufactured Home Relocation Authority (the Authority), which comprise the statements of net assets as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Basis for Qualified Opinion**

Based on the inherent complexity of determining the completeness of the Authority's accounts receivable and assessment revenue, we were unable to obtain sufficient appropriate audit evidence regarding the amounts of accounts receivable as of June 30, 2021 and 2020 in the statements of net assets (stated at \$242,392 and \$260,027) and assessment revenue in the accompanying statements of revenues, expenses, and changes in net assets (stated at \$961,893 and \$1,101,592). Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Delaware Manufactured Home Relocation Authority as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Support Services on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Raymond F. Book & Associates, P.A.*

**RAYMOND F. BOOK & ASSOCIATES, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Dover, Delaware**  
**March 21, 2022**

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 11,945,056	\$ 11,074,800
Accounts Receivable	242,392	260,027
Interest Receivable	-	22,722
Prepaid Insurance	2,350	2,316
Prepaid Rent	1,500	1,500
Total Current Assets	<u>12,191,298</u>	<u>11,361,365</u>
Fixed Assets		
Office Equipment	1,570	1,570
Leasehold Improvements	4,579	4,579
Less: Accumulated Depreciation	<u>(932)</u>	<u>(470)</u>
Net Fixed Assets	5,217	5,679
Other Assets		
Security Deposit	<u>1,750</u>	<u>1,750</u>
Total Other Assets	<u>1,750</u>	<u>1,750</u>
<b>Total Assets</b>	<b><u>\$ 12,198,265</u></b>	<b><u>\$ 11,368,794</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ 35,207	\$ 21,382
Due to Dept of Justice	<u>1,968</u>	<u>28,268</u>
Total Liabilities	37,175	49,650
Total Net Assets - Restricted	<u>12,161,090</u>	<u>11,319,144</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 12,198,265</u></b>	<b><u>\$ 11,368,794</u></b>

See accompanying notes and independent auditor's report.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUE</b>		
Assessments	\$ 961,893	\$ 1,101,592
<b>OPERATING EXPENSES</b>		
Relocation Benefits	-	6,000
Support Services (page 11)	<u>249,762</u>	<u>203,227</u>
Total Operating Expenses	<u>249,762</u>	<u>209,227</u>
Operating Income	712,131	892,365
<b>NONOPERATING REVENUE AND EXPENSES</b>		
Interest Income	130,277	296,060
Depreciation Expense	<u>(462)</u>	<u>(208)</u>
Total Nonoperating Revenue and Expenses	129,815	295,852
Change in Net Assets	841,946	1,188,217
Net Assets - Restricted - Beginning of Year	<u>11,319,144</u>	<u>10,130,927</u>
Net Assets - Restricted - End of Year	<u><b>\$ 12,161,090</b></u>	<u><b>\$ 11,319,144</b></u>

See accompanying notes and independent auditor's report.



**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from communities	\$ 953,227	\$ 1,160,632
Interest income received	152,999	296,315
Cash payments to vendors for goods and services	(235,970)	(187,006)
Relocation benefits paid	-	(6,000)
Net cash provided by operating activities	<u>870,256</u>	<u>1,263,941</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Office Equipment and Improvements	-	(4,579)
Net cash used by investing activities	-	(4,579)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	870,256	1,259,362
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>11,074,800</u>	<u>9,815,438</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 11,945,056</b></u>	<u><b>\$ 11,074,800</b></u>

See accompanying notes and independent auditor's report.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Delaware Manufactured Home Relocation Authority (the Authority) operates as an enterprise fund. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time they are incurred, regardless of the timing of the related cash flows.

Nature of Activities

The Authority was established in 2004 pursuant to Title 25 of the Delaware Code, Chapter 70, for the purpose of the administration and operation of the Delaware Manufactured Home Relocation Trust Fund (the Trust Fund).

The Authority is comprised of a non-compensated Board of Directors consisting of five voting and one non-voting member. The chair is appointed by the Governor, as well as one member of the largest not-for-profit association representing manufactured homeowners in the State of Delaware and one member of the largest not-for-profit association representing the manufactured home industry in the State of Delaware. One member is appointed by each of the Speaker of the House of Representatives and the President Pro Tempore of the Senate. One non-voting member is appointed by the Attorney General as a representative of the Consumer Protection Unit of the Department of Justice.

The Trust Fund is funded by quarterly assessments collected by the property owner and funded from the property owners/landlords and from the tenants. The four purposes of the Trust Fund are to provide relocation assistance to community owners and tenants when a change in the use of the land that is occupied by the tenant requires termination of the existing rental agreement, to pay the administrative costs of the Authority, to carry out responsibilities regarding arbitration costs for rent increase justification matters in accordance with SB 33; and to ensure that community owners comply with the Right of First Offer procedures outlined in Section 7026 of Title 25, Chapter 70 of the Delaware Code. The Authority has set payment limits for relocatable, non-relocatable, and abandoned homes. The cap on the Trust Fund is \$15 million. The Trust Fund terminates on July 1, 2024 unless terminated sooner or extended by the General Assembly. If the Trust Fund terminates on July 1, 2024, 50% of the funds would be disbursed to current tenants and 50% would be disbursed to current landlords, according to the Delaware Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.



**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reporting Entity

The Authority is a related organization of the State of Delaware (the State). The Authority has no component units for which it is considered to be financially accountable. The Authority's activities are financed and operated as an enterprise fund as costs and expenses of providing services are recovered primarily through user charges.

The Authority is not presented in the State's Comprehensive Annual Financial Report because it is a related organization and has not met the criteria to be considered a component unit of the State.

Cash and Cash Equivalents

The Authority defines cash and cash equivalents to be all highly liquid investments with an initial maturity of three months or less. The cash and cash equivalents within the Authority's Trust Fund are controlled by the State Treasurer's Office in Dover, Delaware. The Authority controls the operating account.

Receivables

All receivables are considered fully collectible by management. No allowance for bad debts is deemed necessary.

Fixed Assets

Equipment in the accompanying financial statements is stated at cost, less accumulated depreciation. Additions with a cost of less than \$1,000 are expensed. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation expense for the years ended June 30, 2021 and 2020 was \$462 and \$208, respectively.

Operating Revenues and Expenses

Operating revenues consist of quarterly assessments from property owners on behalf of the landlord and tenant of each rented lot. Operating expenses include both program and support services. Program services include payments to manufactured home owners/tenants for reimbursements for moving costs and non-relocatable homes, and payments to manufactured home community owners for removal and/or disposal of non-relocatable or abandoned homes when there is a change in land use. Support services include all other operating expenses.

Interest earned from the investment or deposit of monies in the Trust Fund is deposited into the Trust Fund periodically by the personnel of the State of Delaware, Department of Finance, Division of Revenue.

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Designation of Net Assets

The statements of net assets report \$12,161,090 and \$11,319,144 of net assets restricted by enabling legislation as of June 30, 2021 and 2020, respectively.

Subsequent Events

Management has evaluated subsequent events through March 21, 2022, which was the date that the financial statements were available to be issued.

**NOTE 2 – RESTRICTED CASH**

At June 30, 2021 and 2020, the Authority had cash and cash equivalents of \$11,945,056 and \$11,074,800, respectively. Of those amounts, \$11,865,138 and \$10,998,449, respectively, were part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware. All investment decisions are made by the State Treasurer's Office. These funds are considered to be highly liquid and available for immediate use, and they are recorded as cash equivalents in the financial statements.

The funds held by the State of Delaware investment pool, an internal investment pool, are specifically identified for the Authority, but the credit risk cannot be categorized. Credit risk for such investments depends on the financial stability of the State. The State reports that its investment securities with a remaining maturity at time of purchase of one year or less are stated at cost or amortized cost.

The operating account is in the custody of the Authority's officials. The bank balance of these funds at June 30, 2021 and 2020 were \$79,918 and \$18,929, respectively. The bank balance of cash deposits is insured up to \$250,000 by the Federal Deposit Insurance Corporation; therefore, there is no custodial credit risk for these cash deposits. Petty cash on hand at June 30, 2021 and 2020 totaled \$463 and \$480, respectively.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts Receivable at June 30, 2021 and 2020 was \$242,392 and \$260,027, respectively. While management considers these amounts reasonable, accounts receivable may be underreported. The Authority is unable to determine if all manufactured home communities are remitting assessments in accordance with enacted legislation. Any manufactured home community that has not paid the past assessments will have to pay all retroactive assessments since the date of initial assessment, April 1, 2004.



**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 4 – RELOCATION BENEFITS PAYABLE**

Relocation benefits payable consist of relocation assistance described in Note 1, that were approved by the Authority's board of directors, and payment requests were submitted to the State of Delaware, but amounts were not paid out as of June 30, 2021. Relocation Benefits Payable was \$0 for both years ended June 30, 2021 and 2020.

**NOTE 5 – DUE TO DEPARTMENT OF JUSTICE**

Due to an amendment of Title 25 Chapter 70 of the Delaware Code, signed May 15, 2019, effective January 1, 2020 assessments charged for each lot were reduced from \$5 to \$4 per month. The landlord receives a credit of \$0.50 and the tenant pays \$0.50 into the newly created Delaware Manufactured Home Owner Attorney Fund instead, accounting for the \$1 monthly difference per lot. The Attorney Fund is held and controlled by the Delaware Department of Justice. The amount Due to the Department of Justice represents amounts collected from tenants and deposited into the trust fund during the year, but not yet paid out to the Attorney Fund.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

Certain members of the Authority's Board of Directors are manufactured home community owners or manage manufactured home communities. These members have paid quarterly assessments of \$55,394 and \$50,617 into the Trust Fund during the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, accounts receivable due from related parties was \$12,150 and \$11,565, respectively.

**NOTE 7 – OPERATING LEASES**

The Authority leases office space under an operating lease that began on April 3, 2020, and ends on April 30, 2023, with monthly rent of \$1,500 and an increase of 3% annually. Future minimum payments required under the lease are as follows:

June 30, 2022	\$ 18,633
June 30, 2023	15,914
June 30, 2024 and thereafter	-
Total minimum lease payments	<u>\$ 34,547</u>



**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 – CASH FLOW INFORMATION**

The following reconciles the increase in net assets with cash provided by operating activities:

	<u>2021</u>	<u>2020</u>
Change in net assets	\$ 841,946	\$ 1,188,217
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	462	208
(Increase) decrease in operating assets:		
Accounts Receivable	17,635	30,772
Interest Receivable	22,722	255
Prepaid Insurance	(34)	233
Prepaid Legal Fees	-	1,690
Prepaid Rent	-	(907)
Security Deposit	-	(1,180)
Increase (decrease) in operating liabilities:		
Accounts Payable	13,825	16,385
Due to Dept of Justice	(26,300)	28,268
Net cash provided by operating activities	<u>\$ 870,256</u>	<u>\$ 1,263,941</u>

The Authority had no non-cash investing and financing activities for the years ended June 30, 2021 and 2020.

## **SUPPLEMENTARY INFORMATION**

**DELAWARE MANUFACTURED HOME RELOCATION AUTHORITY**  
**SCHEDULES OF SUPPORT SERVICES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>PERSONNEL</b>		
Salaries and wages	\$ 99,711	\$ 86,464
Payroll taxes	<u>7,383</u>	<u>6,410</u>
	107,094	92,874
<b>OCCUPANCY</b>		
Rent	15,090	6,148
Utilities	<u>5,102</u>	<u>4,913</u>
	20,192	11,061
<b>PROFESSIONAL FEES</b>		
Accounting and auditing fees	9,600	14,617
Advertising	-	390
Bookkeeping and payroll processing	13,749	9,103
Legal fees	26,989	23,407
Arbitration costs	<u>49,673</u>	<u>32,687</u>
	100,011	80,204
<b>OTHER GENERAL AND ADMINISTRATIVE</b>		
Insurance	3,077	3,018
Office and supplies expense	14,749	11,767
Postage	618	674
Travel expenses	<u>4,021</u>	<u>3,629</u>
	22,465	19,088
<b>TOTAL SUPPORT SERVICES</b>	<u>\$ 249,762</u>	<u>\$ 203,227</u>

See accompanying independent auditor's report.